

Pursuant to 47 C.F.R. 54.202(a)(1)(ii), Doylestown Telephone Co. has submitted a five-year plan that describes with specificity proposed improvements or upgrades to its network throughout its proposed service area. Doylestown Telephone Co. also provides estimates regarding the area and population that will be served as a result of the improvements. This plan was based on Doylestown Telephone Co.'s current business and financial conditions and is subject to change as a result of changes in those conditions.

Pursuant to 47 C.F.R. 54.313, in each subsequent year, Doylestown Telephone Co. will file a progress report on its five-year service quality improvement plan pursuant to 54.202(a), including maps detailing its progress towards meeting its plan targets, an explanation of how much universal service support was received and how it was used to improve service quality, coverage, or capacity, and an explanation regarding any network improvement targets that have not been fulfilled in the prior calendar year.

For the calendar year 2015, Doylestown Telephone Co. received \$249,954 in Interstate Common Line Support (ICLS), \$0 in Local Switch Support (LSS) and \$336,840 in Connect America Fund Intercarrier Compensation (ICC) for a total High Cost support funding of \$586,794. For the calendar year 2015, Doylestown Telephone Co. received \$1,926 in Lifeline support.

Prior to calendar year 2016, Doylestown Telephone Co. has made considerable investment in the Internet network capacity required to provide all of its subscribers with services that meet or exceed the 4/1 Mbps standard. Doylestown Telephone Co. has completed a fiber backbone that runs north-south and east-west through all of Study Area 300609. Doylestown Telephone Co. has installed Gigabit access through redundant paths to the Internet backbone and installed upgraded core routing capabilities able to efficiently route bandwidth a hundred times its current throughput. Doylestown Telephone Co. has purchased and installed Fiber-To-The-Home DSLAMS in the Central Office and in each of its remote fiber nodes.

During the calendar year 2015 Doylestown Telephone Company spent \$225,000 in capital improvements. This investment in upgrading and improving telephone facilities while simultaneously increasing broadband capacity represents a large part of Doylestown Telephone Company's usage of the total High Cost support funding received. This investment in capital improvements is 21% higher than expected in Five Year plan as much of the investment in meeting the expected 25/5Mbps standard must be spent at the beginning of the period to install the necessary equipment.

In calendar years 2016 through 2019, Doylestown Telephone Co. plans \$744,000 in capital improvements/investments in Study Area 300609 named "DOYLESTOWN TEL CO". See attached spreadsheet for capital improvements by year. Approximately 100% of subscribers in the Study Area 300609 will have access to broadband Internet service through Doylestown Telephone Co.'s fiber optic facilities that will meet or exceed the 4/1 Mbps standard at the end of calendar year 2019.

Between 2016 and the completion of Doylestown Telephone Co.'s Fiber-to-the-home build-out, customers who do not have access to broadband Internet service meeting the 10/1 Mbps standard, will be provided service at the 10/1 Mbps standard upon a reasonable request.

In addition to the capital improvements planned in the Study Area 300609 to bring subscribers to the 4/1 Mbps standard, Doylestown Telephone Co. incurred approximately \$257,000 in depreciation expense and \$4,529,351 in on-going maintenance and operating expenses in calendar year 2015. It is reasonable to expect similar depreciation, maintenance, and operating expenses for the 2016 through 2019 calendar years.

The largest operating expense associated with providing broadband Internet Access in rural areas is the cost of transport to the Metropolitan areas where we can connect to the Internet Backbone. Once Doylestown Telephone Co. connects to the backbone it must pay Internet Backbone Providers for Access. Doylestown Telephone Co.'s cost of access to the Internet backbone increased by 10% to \$260,000 spread across 1,800 subscribers in its service area. Internet usage per subscriber has been growing at 30% per year with no corresponding growth in revenue per subscriber. This usage per subscriber, and the costs associated with it, is expected to grow significantly with the rollout of the 10/1 Mbps standard. Under the 25 Mbps standard we expect our monthly cost for internet access and transport to increase to more than the retail price of broadband service.

**Actual Expenditures**

Year	Capital Dollar Amount	Estimated Square Miles Served by Capital Improvements	Estimated Population Served by Capital Improvements	Depreciation Expense Associated with Network Improvements during 2015 - 2019	Depreciation Expense Associated with Network Improvements prior to 2015 - 2019	Access and Backhaul Expenses for Internet	Actual Annual Difference in On-going Maintenance / Operating Expense
2015	\$ 287,000	2.00	3,000	\$ 19,133	\$ 324,000	\$ 235,000	\$ 4,530,903
2016	\$ 225,000	4.50	2,000	\$ 34,133	\$ 257,000	\$ 260,000	\$ 4,529,351
2017		4.00	1,600				
2018		4.40	1,300				
2019		1.50	100				

**Difference Between 5 Year Plan and Actual**

Year	Difference in Dollar Amount	Estimated Square Miles Served by Capital Improvements	Estimated Population Served by Capital Improvements	Depreciation Expense Associated with Network Improvements during 2015 - 2019	Depreciation Expense Associated with Network Improvements prior to 2015 - 2019	Access and Backhaul Expenses for Internet	Annual Difference in On-going Maintenance / Operating Expense
2015	\$ 101,000	2.00	3,000	\$ 6,733	\$ (26,000)	\$ (6,800)	\$ 64,711
2016	\$ 39,000	4.50	2,000	\$ 9,333	\$ (93,000)	\$ (54,340)	\$ (70,827)
2017		4.00	1,600				
2018		4.40	1,300				
2019		1.50	100				
Total	\$ 140,000		\$	16,067	(119,000)	(61,140)	(6,116)



Year	Planned Dollar Amount	Estimated Square Miles Served by Capital Improvements	Estimated Population Served by Capital Improvements	Depreciation Expense Associated with Network Improvements during 2015 - 2019	Depreciation Expense Associated with Network Improvements prior to 2015 - 2019	Estimated Annual Expenses for Internet Access and Backhaul	On-going Maintenance / Operating Expense
2015	\$ 186,000	2.00	3,000	\$ 12,400	\$ 350,000	\$ 241,800	\$ 4,466,192
2016	\$ 186,000	4.50	2,000	\$ 24,800	\$ 350,000	\$ 314,340	\$ 4,600,178
2017	\$ 186,000	4.00	1,600	\$ 37,200	\$ 350,000	\$ 408,642	\$ 4,738,183
2018	\$ 186,000	4.40	1,300	\$ 49,600	\$ 350,000	\$ 531,235	\$ 4,880,329
2019	\$ 186,000	1.50	100	\$ 62,000	\$ 350,000	\$ 690,605	\$ 5,026,738

The cost of the network improvements for a given year are based not only on the geographic area covered and the population served but also on the number of street miles covered in a given geographic area. The plan is designed to spread the cash outflow evenly across the five year timespan. Depreciation Expense Associated with Network Improvements during 2015 - 2019

Calculated with a 15 year straight line depreciation. Results will differ from financial statements.

Estimated Annual Expenses for Internet Access and Backhaul

The largest operating expense associated with providing broadband Internet Access in rural areas is the cost of long distance transport to the Metropolitan areas where we can connect to the Internet Backbone.

Costs are estimated to grow at 30% per year, in line with Doylestown Telephone Co.'s actual per subscriber broadband usage growth.

On-going Maintenance / Operating Expense

This category represents the costs associated with maintaining the lines, poles, drops and electronics as well as the Outside Plant staff, Technical Support, Billing, Customer Service and all other costs associated with operating the Telephone And Internet Access business.

Existing Year 1 Year 2 Year 3 Year 4

